

STATEMENT OF PURPOSE

RS20776

Administrators that collect premiums for and pay claims on behalf of insurers (and certain self-funded plans that are required to register) are licensed by the Department of Insurance. When an entity applies to become an administrator where Idaho will be its “home state,” current law contains a requirement for an applicant to submit audited financial statements for the two (2) most recent fiscal years. Similarly, once an administrator is licensed, it must submit an annual report that includes an audited financial statement attested to by a certified public accountant. The cost of engaging a certified public accountant for an audit may in some cases create a financial hardship for a small business.

These changes would allow the submission of unaudited financial statements in lieu of audited financial statements, coupled with the requirement of a surety bond in a form prescribed by the Director, upon good cause shown, as determined by the Director.

This will provide a balanced approach for the Department to review financial solvency of administrators and applicants for an administrator’s home state license, while reducing costs of regulatory compliance for small businesses.

FISCAL NOTE

None.

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